City of Detroit

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TO:

Cathy Square, Director

Department of Public Works

FROM:

Irvin Corley, Jr., Fiscal Analysis Director

DATE:

April 19, 2007

RE:

2007-2008 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:jgp

Attachment

CC:

Councilmembers

Council Divisions

Auditor General's Office

Roger Short, Chief Financial Officer

Pam Scales, Budget Department Director

Charleta McInnis, Budget Department Team Leader

Kandia Milton, Mayor's Office

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Department of Public Works (19)

FY 2007-08 Budget Analysis by the Fiscal Analysis Division

Summary

The Public Works Department is a General Fund agency. In last year's budget the Street Maintenance Division was completely transferred to the Street Fund, and the Vehicle Management Division was moved to the new General Services agency. The funding for the 311 Call Center was moved from DPW to the Non-Departmental agency, with the Mayor's Office assuming responsibility for the center.

In the 2007-08 Recommended Budget all of the Solid Waste Division's operating costs are being moved to a new fund entitled "Solid Waste Management Fund". According to the 2007-08 Executive Summary: "The Solid Waste Management Fund is a newly established fund to account for all funds used for Solid Waste collection and disposal."

On page B40 of the Executive Budget Summary 2007-08, the Mayor presents the City of Detroit Street Fund Summary, which reflects the fund where gas and weight taxes distributed to the city under Public Act 51 are deposited. The summary shows how the street fund revenues are allocated to city departments for street fund operations, maintenance, capital projects involving street resurfacing and equipment purchases. The city in-kind contribution is also reflected.

The street fund is presented as the Major and Local Street Funds in the city's Comprehensive Annual Financial Report.

2006-07 Surplus/(Deficit)

The Administration anticipates the department will end the 2006-07 fiscal year with a net surplus of \$2.1 million. The Budget Department is reporting a \$3.8 million appropriation deficit and a \$6.0 million revenue surplus. The appropriation deficit is attributed to salary shortfall – essential positions not taking days off without pay (DOWOP). The revenue surplus results from Solid Waste Fees.

Overtime

The general fund overtime budget for the current fiscal year is \$1.1 million. As of March 31, 2007, the department has spent \$2.9 million on overtime, creating a deficit of \$1.8 million in overtime expenditures.

For all funds reporting to the department the overtime budget is \$1.1 million and the expenditures as of March 31, 2007 total \$3.6 million, resulting in a deficit of \$2.6 million in overtime.

The Mayor is recommending an overtime budget in all funds of \$2.1 million for 2006-07. Based on the current year the funding of overtime may not be adequate.

Personnel and Turnover Savings

Following is information by appropriation compares current FY 2006-07 budgeted positions, March 31, 2007 filled positions and FY 2007-08 Mayor's recommended positions.

			Mayor's			
	Budgeted	Filled	Mayor's Budget	Over/(Under)	Max	yor's
	Positions	Positions	Positions	Actual to	- 17.75°	mended
Appropriation/Program	FY 2006-07	3/31/2007	FY 2007-08	06/07 Budget		nover
Municipal & Environmental	1 1 2000-07	3/3/1/2007	1 1 2007-00	ooror Buuget	Tull	lovei
Services Dept. (19)						
190100 Administration	9	9	8	0	\$	-
190105 Guard Services	0	0	0	0	\$	-
00028 Administration	9	9	8	0	\$	-
00030 Building Operations	66	52	66	(14)	\$	-
190300 Divisional Administrative						
Services	3	3	0	0	\$	-
190301 Production Data Center	6	7	0	1	\$	-
00034 Solid Waste Management	9	10	0	1	\$	-
190410 Divisional Administrative Services	0	0	2	0	•	
190411 Production Data Center	0	0	6	0	\$	
12396 Solid Waste Management	0	0	8	0	\$	-
190302 Supervision & Field Office	3	2	0		\$	
190303 Seasonal Bulk Pick-Up	0	0	0	(1) 0	\$	-
190305 Courville Bulk Collection	81	75			\$	-
190306 Courville Refuse Collection	01	75	0	(6)	Ф	-
(Residential)	154	191	0	37	\$	_
190307 Business District Cleanup	16	0	0	(16)	\$	
190308 Container Services	11	5	0	(6)	\$	_
190309 Yard Operations	26	16	0	(10)	\$	-
191301 Building & Equipment				()	*	
Maintenance	0	0	0	0	\$	-
191303 Disposal Activities	6	0	0	(6)	\$	-
00035 Refuse Collection	297	289	0	(8)	\$	-
190412 Supervision and Field Office	0	0	3	0	\$	-
190414 Courville Bulk Collection	0	0	81	0	\$	-
190415 Courville Refuse Collection			1. 1.2.			
(Residential)	0	0	154	0	\$	-
190416 Business District Cleanup	0	0	16	0	\$	-
190417 Container Services	0	0	11	0	\$	
190418 Yard Operations	0	0	22	0	\$	-
12397 Refuse Collection	0	0	287	0	\$	-
190340 Supervision & Field Office	0	2	0	2	\$	-
190342 Major Street Cleaning	0	0	0	0	\$	-
190343 Residential Street Cleaning	0	1	0	1	\$	-
00037 Street Cleaning	0	3	0	3	\$	-
00038 Vacant Lot Clean-up	0	7	0	7	\$	-
00040 Refuse Disposal	0	0	0	0	\$	
190419 Disposal Activities	0	0	11	0	\$	
12398 Refuse Disposal	0	0	11	0	\$	-

190500 Divisional Administrative Services	0	0	0	0	œ.	
190510 Non-Parks Ground	0	0	0	0	\$	-
Maintenance	0	0	0	0	\$	_
00041 Street Maintenance	0	0	0	0	\$	_
00042 Paved Street Maintenance	0	0	0	0	\$	_
00046 Equipment Maintenance	0	0	0	0	\$	
00047 Yard Operations	0	0	0	0	¢	
00049 Reimbursed-Street	•	•	Ü		Ψ	-
Maintenance	0	0	0	0	\$	-
190600 Administration & General						
Office	0	0	0	0	\$	-
190601 Building Maintenance	0	1	0	1	\$	-
190604 Vehicle Control Center	0	0	0	0	\$	-
190605 Vehicle Maintenance	0	2	0	2	\$	-
190607 Fleet Management	0	0	0	0	\$	-
00051 Vehicle Management	0	3	0	3	\$	-
190602 Stores & Supplies	0	0	0	0	\$	-
190603 Gas Station	0	2	0	2	\$	-
00052 Stores and Supplies	0	2	0	2	\$	
190702 Engineering Services	3	3	3	0	\$	-
190703 Administrative Services	3	3	3	0	\$	-
190705 Design Services	4	3	3	(1)	\$	_
190706 Structure Design	0	1	3	ì	\$	_
190707 Street & Highway Freeway						
Design	7	6	6	(1)	\$	-
190708 Survey & Permits	9	9	11	0	\$	-
190709 Building & Bridge Inspection	28	20	25	(8)	\$	-
190710 Permits	6	5	6	(1)	\$	-
190711 Sidewalk Inspections	7	2	7	(5)	\$	-
191701 General Inspection	7	11	7	4	\$	-
00910 City Engineer	74	63	74	(11)	\$	-
193822 DPW Street Maintenance	227	180	217	(47)	\$	-
193825 Transportation Planning	24	21	23	(3)	\$	-
193826 Transportation - Signs &				, ,		
Markings	59	48	59	(11)	\$	-
06424 Major Street Funds -	040	0.40				
Operations	310	249	299	(14)	\$	-
11717 Detroit Call Center	0	0	0	0	\$	-
19XXXX Leave of Absence	0	(14)	0	(14)	\$	1 -
19XXXX Worker's Comp.	0	(13)	0	(13)	\$	-
19XXXX Unmatched Positions	<u>0</u>	<u>10</u>	<u>O</u>	<u>10</u>	\$	
TOTAL	<u>765</u>	<u>670</u>	<u>753</u>	(95)	\$	

Position Changes

The 2007-08 Budget deletes 11 positions from the Street Fund Division and one position is being transferred to the General Services Department. Also, all general fund positions in the Solid Waste Division (a total of 306) are being transferred to the newly established Solid Waste Management Fund.

Department of Public Works (19)

Budgeted Professional and	F	Y 2006-07	F	Y 2007-08		Increase
Contractual Services by Activity		Budget	Re	commended	((Decrease)
Administration	\$	1,500	\$	1,500	\$	-
Street Fund		3,881,920		9,070,000		5,188,080
Solid Waste		-		52,200		52,200
Vacant Lot Clean-up		_		-		_
City Engineer	\$	367,000	\$	367,000	\$	
Total	\$	4,250,420	\$	9,490,700	\$	5,240,280

Issues and Questions

- 1. Explain the rational for establishing a new fund, Solid Waste Management Fund. With the implementation of the residential solid waste fee last year in lieu of a 3 mill garbage collection tax, the proposal for a commercial inspection fee, and the establishment of this fund, it appears the administration plans to make the solid waste collection and disposal operation a self-supporting operation. Is the intent for the future to increase the fees to the level necessary to accomplish this, and eliminate all tax support? What is the timetable for this to take place? Why not increase fees this year and eliminate the \$21 million general fund subsidy?
- 2. Are there any current legal challenges to the residential solid waste collection fee and the commercial 3 mill tax? And if so what is the current status of each?
- 3. Do other communities charge fees as proposed in the recommended budget for commercial compliance inspections? Can you provide a listing and fee schedule?
- 4. In the Planning for the Future for FY 2007-08, FY 2008-09 and Beyond section of the Executive Summary the following statement is made: "The Department of Public Works will play an integral role in this strategy (Next Detroit Neighborhood Initiative) through the working plan developed by the NDNI Committee." Does the recommended budget for your agency contain any funding for this strategy? Can you provide examples, even if only preliminary and not final at this time, as to what types of services will be targeted for the NDNI initiative? When do you anticipate beginning to provide services under this initiative?
- 5. Excluding the proposed commercial solid waste inspection fee, does the recommended budget have any new fees, or fee increases included? If so, what are the current and proposed fees? When were fees charged for service by your department last reviewed and updated? If fee increases are included provide the current fee, proposed increase, and increase revenue anticipated by the increase.
- 6. Explain the process used to determine if a residential address has opted out of the solid waste collection service of the city. How are you tracking residential addresses that have not paid the solid waste collection fee? What is the

- operational result for residential addresses that are not current with payment of the fee? Is any notice sent to the address, or placed on the door by the driver or inspector on the route?
- 7. Explain the basis used to determine the fee schedule for the proposed commercial compliance inspection program. Are you currently involved in inspection of commercial locations? If not, where will the inspectors come from? If you are, what can you report on compliance and non-compliance of existing ordinances, fines and collection of fines?
- 8. It is our understanding that the 311 Call Center will be relocated to the Coleman A. Young Municipal Center from a DPW yard, essentially increasing the cost due to having to pay rent in the CAYMC. Wouldn't relocation of a city office paying rent in non-city location to the CAYMC be a better choice? Is there an operational reason to locate the call center in the CAYMC? Isn't the 311 Call Center an emergency back up system, and relocation to the CAYMC places this emergency back up system in a primary target building?
- 9. The Street Fund Detail on page 19-11 shows three amounts that total \$5,020,327 as funding for services provided by the General Services Department. However, the General Services Department on page 47-31 shows revenue of \$5,323,923. Can you explain this difference of \$303,596?
- 10. Your Performance Goals, Measures and Targets indicate a target of 55 miles of streets to be resurfaced by City crews on page D25 of Executive Summary Book. While on page D23 it is stated that a total of 88 miles will be resurfaced. Will contractors be used for the difference? How is the split between city crews and contractors determined? Is there a cost analysis that supports this decision?
- 11. Provide the location of the 88 miles of streets to be resurfaced.
- 12. In the Summary of Capital Improvements General City Agencies \$767,000 for New Street Construction is allocated, what is the location of the new street(s)?
- 13. As part of a settlement order with the Federal Court, handicap ramps throughout the city must be improved, with an additional emphasis on those ramps in the area bounded by the Detroit River, East Grand Blvd, the Lodge Freeway and the Chrysler Freeway. Can you elaborate on this settlement? Why are the existing handicap ramps not in compliance? Did the requirements change after the ramps were installed? What is the process and timetable in the targeted area for addressing the situation?
- 14. Last year, the city transferred all of or a portion of the Southfield Yard to the Greater Detroit Resource Recovery Authority (GDRRA) for development into a bulk pick-up operation. If GDRRA is responsible for the bulk pick-up facility at the Southfield Yard why does the recommended budget include \$2,463,000 of general obligation bonds in DPW?